

## Message Text

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13

ACTION AID-59

INFO OCT-01 AF-10 ADP-00 AGR-20 EB-11 COME-00 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 IGA-02 TRSE-00 RSR-01 /118 W

----- 100784

R 162030Z AUG 73

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 9869

C O N F I D E N T I A L RABAT 3798

E.O. 11652: GDS

TAGS: EAID US MO

SUBJECT: PL-480 TITLE I: REMAINING CREDIT UNDER PRESENT  
AGREEMENT

REFERENCE: (A) STATE 138598; (B) STATE 142847

FROM THE AMBASSADOR

1. NOW THAT REVISED U.S. WHEAT CROP ESTIMATES ARE IN HAND,  
I ASSUME THAT INTERAGENCY REVIEW OF PL-480 SUPPLY AND  
BUDGETARY AVAILABILITIES FOR BALANCE FY 74 WILL SOON COMMENCE.  
ALTHOUGH REALIZING THAT SITUATION EXTREMELY TIGHT AS  
EXPLAINED REFTEL (A), I BELIEVE DEPARTMENT SHOULD STRONGLY  
SUPPORT ADDITIONAL PURCHASE AUTHORIZATIONS FOR MOROCCO TO  
ALLOW DELIVERY OF AS MUCH WHEAT AS CAN BE COVERED BY US  
\$3.8 MILLION CREDIT OUTSTANDING FROM TITLE I AGREEMENT OF  
APRIL 19, 1973.

2. BECAUSE OF INCREASED PRICES AND SHIPPING COMPLICATIONS  
DUE TO 50/50 REQUIREMENT, MOROCCO WAS NOT ABLE AVAIL  
ITSELF OF FULL 66,500 MT AUTHORIZED BY PA 56-711 ISSUED  
LAST MAY. INSTEAD GOM HAD TO SETTLE FOR 48,000 MT, LEAVING  
UNUSED CREDIT OF US \$850,000. OUR RECENT OFFER OF ADDITIONAL  
6,000 MT (REFTEL B) HAS UNFORTUNATELY NOT HELPED; MOROCCANS  
BELIEVE THAT SHIPMENT OF SUCH SMALL QUANTITY ON US BOTTOM  
WOULD BE PROHIBITIVELY EXPENSIVE.

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3. GOM RATHER WANTS UNUSED CREDIT FROM PA 56-711 TO BE

COMBINED WITH BALANCE OF FUNDS INDICATED IN APRIL AGREEMENT FOR NEW PURCHASE AUTHORIZATION OF US \$3.8 MILLION. FINANCE MINISTRY HAS WRITTEN US TWICE ON THIS OVER PAST MONTH. WE CONTINUE RESPOND THAT MATTER UNDER REVIEW PENDING FIRM ESTIMATE US HARVEST.

4. MOROCCO'S CONTINUING NEED FOR WHEAT ON CONCESSIONAL TERMS IS EVIDENT. BECAUSE OF LESSENER HARVEST, TOTAL WHEAT IMPORT REQUIREMENT IN FY 74 ESTIMATED AT 1 MILLION MT. THIS WILL CUT DEEPLY INTO FOREIGN RESERVES WHICH GOM HAD HOPED DEVOTE TO CAPITAL EQUIPMENT IMPORTS NEEDED FOR AMBITIOUS 1973-77 DEVELOPMENT PLAN. UNDER THESE CIRCUMSTANCES, GOM WILL BE VERY CONCERNED WITH REDUCING PRESENT WHEAT IMPORT COSTS IN ANY WAY POSSIBLE. THUS WHILE APPRECIATING U.S. WHEAT SHORTAGE, MOROCCANS ARE NONE-THELESS GROWING INCREASINGLY RESTIVE ABOUT WHAT THEY REGARD AS OUR REFUSAL TO HONOR CONTRACTUAL AGREEMENT.

5. I EXPECT PRESSURE ON THIS POINT TO INCREASE AND ESCALATE TO HIGHER LEVELS BEFORE LONG. IF WE ARE TO OBSERVE SPIRIT OF SECRETARY'S AND NEWSOM'S TALKS WITH FOREIGN MINISTER BENHIMA EARLIER THIS YEAR, I BELIEVE IT IS IMPERATIVE THAT WE AT LEAST FIND A WAY TO DISCHARGE CREDIT OBLIGATIONS ALREADY INCURRED. I THEREFORE STRONGLY URGE THAT A SECOND PURCHASE AUTHORIZATION FOR THE UNUSED BALANCE OF THE PRESENT TITLE I AGREEMENT BE APPROVED AS SOON AS POSSIBLE.  
ROCKWELL

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## Message Attributes

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**To:** STATE  
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